

EXHIBIT 66

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW JERSEY
CASE NO. 12-CV-4761 (JSR)

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DEXIA SA/NV, DEXIA HOLDINGS, INC, FSA ASSET
MANAGEMENT LLC and DEXIA CREDIT LOCAL SA,

Plaintiffs,

v.

BEAR STEARNS & CO., INC., THE BEAR STEARNS
COMPANIES, INC., BEAR STEARNS ASSET BACKED
SECURITIES I LLC, EMC MORTGAGE, LLC (F/K/A
EMC MORTGAGE CORPORATION), STRUCTURED ASSET
MORTGAGE INVESTMENTS II INC., J.P. MORGAN
MORTGAGE ACQUISITION CORPORATION, J.P. MORGAN
SECURITIES, LLC, (F/K/A JPMORGAN SECURITIES,
INC.), WAMU ASSET ACCEPTANCE CORP., WAMU
CAPITAL CORP., WAMU MORTGAGE SECURITIES CORP.,
JPMORGAN CHASE & CO. AND JPMORGAN CHASE BANK,
N.A.,

Defendants.

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VIDEOTAPED DEPOSITION OF DOUGLAS POTOLSKY

New York, New York

Friday, January 25, 2013

Reported by:
Amy A. Rivera, CSR, RPR, CLR
JOB NO. 57634

1 DOUGLAS POTOLSKY

2 A. That is correct.

3 Q. Okay. Within the bulk purchase unit
4 that you set up at Washington Mutual, did --
5 did -- was due diligence conducted there?

6 A. Correct.

7 Q. It was?

8 A. It was.

9 Q. Okay. Was this the due diligence team
10 that you used?

11 And what I mean by "this," is the one
12 described here that lists Tom Lehmann as well as
13 Juanity Gephardt, Eric Heise, Joshua Hogan, George
14 Wynne, William Miller, Janice Adler, Olin Dain,
15 Debbie Basch?

16 A. The -- also joining -- the sentence
17 beginning "also joining," you mean, those -- the
18 folks -- those folks would -- were generally the
19 subprime diligence team.

20 Q. Okay. So I'm clear, George Wynne,
21 William Miller, Janice Adler, Olin Dain, Debbie
22 Basch, those were the subprime due diligence
23 managers?

24 A. Due -- yeah, due diligence team.

25 Q. Due diligence team.

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2 A. Yes, they were.

3 Q. Did they have titles or --

4 A. I don't remember.

5 Q. Okay. And what was their function
6 within your subprime bulk conduit unit?

7 A. Well, to support the due diligence
8 efforts, you know, on -- on the subprime conduit.

9 Q. And for the jury, can you just
10 describe generally what that means, "support the
11 due diligence efforts for the subprime conduit"?

12 A. Well, this team was actually -- they
13 were actually underwriters --

14 Q. Okay.

15 A. -- so they were credit underwriters --
16 they were trained credit underwriters with
17 subprime experience that would be used to review
18 credit files for purchase.

19 Q. Okay. So, would they themselves --
20 let's -- for example, if a -- a bulk purchase was
21 identified from a seller, would these individuals
22 themselves conduct the due diligence or would they
23 hire an outside third party to do the due
24 diligence?

25 A. It would depend -- if I remember

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2 Q. At any point in time in 2005 and 2007

3 did the subprime capital markets have its own due

4 diligence department separate and apart from what

5 Susan Sinn was responsible for?

6 A. No, it did not.

7 Q. Okay.

8 Was Susan Sinn's department, in fact,

9 the due diligence department for subprime capital

10 markets?

11 A. Yes, for the -- Susan Sinn was

12 responsible for subprime due diligence for the

13 conduit, yes.

14 Q. For the conduit.

15 The conduit, you are referring to the

16 purchase of bulk home loans standard, correct?

17 A. That is accurate.

18 Q. Okay. As well as flow?

19 A. If she would -- if we had flow up and

20 running, she would have been responsible for flow.

21 Q. Okay. But if flow was never up and

22 running prior to the acquisition by JPMorgan in

23 2008, correct?

24 A. We were in the process of building the

25 flow program. I don't believe it ever took off

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2 correct.

3 Q. Okay.

4 And when you look at combined original

5 LTV, that's based upon an appraisal report,

6 correct?

7 A. Correct.

8 Q. And that appraisal report is found in

9 the loan file, correct?

10 A. It should be, yes.

11 Q. Okay.

12 Now, the purchasers of these

13 certificates do not get access to those loan

14 files, correct?

15 A. Correct.

16 Q. And the purchasers of these

17 certificates are depending upon the

18 representations made to them by the sellers of

19 these offerings, correct?

20 A. Representations in the prospectus and

21 disclosures, correct.

22 Q. Right, concerning such parameters as

23 FICO score and cumulative loan-to-value and

24 debt-to-income ratios, correct?

25 A. Confirming the data integrity. I

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2 can't specifically speak to every one, but the
3 integrity of the data.

4 Q. Right. And they -- depending upon
5 those representations in those prospectuses,
6 correct?

7 A. I can't tell you what they are looking
8 at, but.

9 Q. But they don't get the actual loan
10 files themselves?

11 A. They don't get the actual loan files
12 themselves.

13 Q. Right. And they can't go digging
14 through those loan files to make sure that the
15 appraisals there, that the CLTV, correct --

16 A. Correct.

17 Q. -- is correctly computated?

18 A. That's correct.

19 Q. Okay. And the purchasers of the
20 certificates, they -- they can't actually go out
21 and make sure that the owner-occupancy
22 representation is accurate, correct?

23 A. I can't -- I don't have total
24 knowledge of what they have access to or not as a
25 bondholder.

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2 Q. Okay.

3 A. All I do know is if they have
4 access -- one bondholder has access to it,
5 everyone has to have -- have access to it.

6 Q. And that information that they're
7 relying upon is provided by the issuer of the
8 mortgage-backed securities, correct?

9 A. Issuer as defined as deposit of the
10 loans into the trust, yes.

11 Q. Without access to the actual loan
12 files, how could a purchaser of mortgage-backed
13 securities actually determine whether or not the
14 data in the loan files is the same as that is
15 represented on the loan tapes?

16 A. No, I've never purchased -- no, it's
17 never been my role, but as you mention, there is
18 information -- there's collateral information in
19 the offering documents, and they base -- I -- I
20 would assume -- one would assume they would base
21 their information on -- their decision based on
22 that.

23 There's also a history out on
24 performance on loans, similar type of loans,
25 similar type of issuances. You know, prudent

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2 wrote had to do with misrep or fraud on these
3 loans, correct?

4 A. Typically, when you have first- or
5 early-payment default, that's typically some of
6 the issues.

7 Q. Now, you just said "typically."

8 A. Typically.

9 Q. I want to know -- yeah, but
10 specifically here --

11 A. I don't know specifically which loans
12 they're talking about, but typically, if someone
13 doesn't pay their first payment, there can be some
14 fraud and misrep involved in that.

15 Q. Right. And here you wrote: "We are
16 finding 60 percent plus misrep or fraud on these
17 loans as well."

18 Do you see that?

19 A. Yes, I do.

20 Q. So, here, you were not talking about
21 typically, correct?

22 A. I was talking about these specific
23 loans, correct.

24 Q. Okay. The loans mentioned in --

25 A. That --